Date	Sensex	Change in points	%change
18-may-06	11391.43	-826.38	-6.76
21-Jan-08	17605.35	-1408.35	-7.41
3-Mar-08	16677.88	-900.84	-5.12
17-Mar-08	• 14809.49	-951.03	-6.03

The loss or gain arising from market movements is national. This arises continuously with change in the value of the portfolios of investors with changes in prices of constituent securities. However, the actual loss or gain to particluar investors depends on the investment time horizon of those investors.

The authorities do not try to manage or control movement of stock indices. They have put in place systems and practices to promote a safe, transparent and efficient market and to protect market integrity. The systems instituted include advanced risk management mechanisms comprising on-line monitoring and surveillance, various limits on positions, margin requirements, circuit filters, etc.

Criteria for fixing premium of face value of share

†3030. SHRI BANWARILAL KANCHHAL: Will the Minister of FINANCE be pleased to state:

Whether Government has fixed any criteria for the premium taken on face value of share when an issue is brought in the market;

if not, the reasons for giving free hand to companies for fixation of premium on face value of shares; and

the details in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) No, Sir.

(b) and (c) The SEBI (Disclosure and Investor Protection) Guidelines, 2000 permit an unlisted company eligible to make an IPO to price its equity shares or any securities convertible at a later date into equity shares subject to certain disclosures. The company is, however, required to indicate the basis for issue price in the prospectus with the help of relevant' qualitative and quantitative factors. Further, book building mechanism is used to discover prices within a band and such price bands are also revised depending on the circumstances. In such cases, the issue becomes successful only if it elicits certain minimum subscriptions from qualified institutional investors who are capable of taking informed investment decisions.

Under the current regulatory regime the price is discovered by the market, while the authorities endeavour to make all relevant information available to market participants - issuers and investors - to make informed investment decisions.

Control in FII investment

3031. SHRI M. V. MYSURA REDDY: Will the Minister of FINANCE be pleased to state:

† Original notice of the question was received in Hindi.

whether it is a fact that due to net withdrawal of $3232 million (Rs. 12,928 crores) during January, 2008, resulted in crash of stock market;

whether it is advisable to leave the fate of Indian stock market and of small investors in the hands of a few Foreign Institutional Investors (FIIs); and

the measures taken by Government to keep control on FII investors in stock market as is done in many countries including China?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) The Securities and Exchange Board of India (SEBI) has informed that during the month of January 2008 FIIs were net sellers of Rs. 6268.96 crores at BSE and Rs. 23650.91 crores at NSE. During the month of January 2008 Domestic Institutional Investors (DIIs) were net buyers of Rs. 3494.45 crores at BSE and Rs. 15195.06 crores at NSE.

The movement in stock market indices is a function of perception of the economy or a sector or an index stock. Movements of stock market also depend on economic factors, domestic and international events, market sentiments, level of floating stock available, corporate performance and future economic growth. It is difficult to attribute a fall in the markets to any particular factor.

Investment in equity market is subject to market risk. Investors whether small or big, have to take informed investment decisions based on their own understanding of the market.

Foreign Institutional Investors (FIIs) are allowed to participate in the Indian stock markets. The Government, Reserve Bank of India and SEBI have framed a policy for such participation and have put adequate safeguards in place to guard against any possible misuse of this avenue of investment. The policy is reviewed continuously taking into account inputs/ concerns received from various sources. For example, recently, certain restrictions were placed on the use of Participatory Notes (PNs) route of investment by FIIs.

Parking of funds in holding companies

3032. SHRI GIREESH KUMAR SANGHI:
SHRI JESUDASU SEELAM:

Will the Minister of FINANCE be pleased to state:

whether the Centre is likely to allow foreign corporations to park funds in holding companies to ease the flow of funds into the country and in addition, holding companies will also be allowed to invest in various downstream ventures without prior permission, as long as the investment falls within the specified sectoral cap; and

if so, by when a final decision in this regard is likely to be considered?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) The information is being collected and will be laid on the Table of the House.

Foreign Exchange Reserve

3033. SHRI SITARAM YECHURY: Will the Minister of FINANCE be pleased to state:

(a) the details of foreign exchange reserve over the last three financial years;